



FEHBP DISPARITY INDEX

Key Findings for FY 2001

Result	Category
\$3,582 per user	• Actuarial price benchmark for AI/AN coverage in a FEHBP type health benefits package for 2001
1,387,982 users	• Active AI/AN user beneficiaries of the Indian health system as of September 30, 2001
\$4.96 billion	• Cost of the FEHBP benchmark health benefits package for 1,385,8625 AI/AN users
\$2,687 per user	• FEHBP price benchmark net of \$896 per AI/AN user for other coverage and payments
\$3.72 billion	• Balance of cost needed by IHS for the FEHBP benchmark health benefits package
\$1.92 billion	• Actual IHS expenditures for personal health benefits in FY 2001
\$1,384 per user	• IHS personal health care expenditures per AI/AN user in FY 2001
52% of need	• IHS funding percentage (\$1,384 expenditures per user / \$2,687 benchmark price per user)
63 OUs < 40%	• # IHS operating units funded < 40% of the benchmark (\$45 million shortfall)
171 OUs < 60%	• # IHS operating units funded < 60% of the benchmark (\$411 million shortfall)
231 OUs < 100%	• # IHS operating units funded < 100% of the benchmark (\$1.8 billion shortfall)

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The methodology updated for 2001

Element	Status
Active Users	<ul style="list-style-type: none"> Replaced FY 1998 counts with updated 1,348,640 user count as of September 30, 2001 which is approximately 3% less than the artificially elevated 1998 user counts. Added an additional 39,342 users from Non-CHSDA areas for a total count of 1,387,982.
\$3,582 Per User Benchmark	<ul style="list-style-type: none"> Inflated the FEHBP \$3,221 benchmark premium by 11.2% to \$3,582. 11.2% is the US average premium increase in employer sponsored health plans in 2001.
Variation for Size	<ul style="list-style-type: none"> Reaffirmed adjustment to benchmark price based on size. The range is \$3,154 for units with > 21,000 active users to \$4,657 for units with < 900 active users.
Variation for Prices	<ul style="list-style-type: none"> Reaffirmed adjustment to benchmark for geographic price variations. The range is \$3,251 to \$4,370 in the lower 48 states and up to \$5,301 in Alaska.
Variation for Health Status	<ul style="list-style-type: none"> Reaffirmed adjustment to benchmark for health status based 2/3 disease burden (births, injuries, heart disease, diabetes, cancer, alcoholism and elderly) and 1/3 poverty. The range is \$3,314 for best to \$4,088 for lowest.
- \$895 Per User Other Coverage	<ul style="list-style-type: none"> Statute requires counting other (M&M&PI) resources for Indians. \$895, 25% of benchmark, is deducted from the \$3,582 benchmark. The deduction is 1/2 for operating units with no billable services.
Available IHS \$ Per User	<ul style="list-style-type: none"> Accounting for IHS funding was improved in FY 2001. Central funds, such as residual and area-wide programs, were identified uniquely for operating units. The IHS expended \$1.92 billion in FY 2001 for personal medical services.
Wrap-around Exclusions	<ul style="list-style-type: none"> \$780 million (28%) of IHS resources were identified as wrap-around and excluded for computations related to the benchmark benefits package.
FEHBP Equivalence %	<ul style="list-style-type: none"> The IHS expended \$1.92 billion in FY 2001 for personal medical services – a funding ratio of 52% of need compared to 51% of need in FY 2000. The 1% net improvement in FY 2001 is a consequence of higher medical prices offset by a lower user count and increased appropriations to IHS.
60% IHCIF Threshold	<ul style="list-style-type: none"> Reaffirmed a threshold of 60% consistent with Congressional direction to target funds to “most under funded units.” A \$10,000 minimum was set for qualifying operating units.
Recurring Allocations	<ul style="list-style-type: none"> Affirmed that the FY 2002 IHCIF (\$23 million) is allocated by formula to local operating units and that local IHCIF allocations be made recurring thereafter.